

Message Text

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C O N F I D E N T I A L USNATO 6960

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SUBJECT VON KARMAN INSTITUTE (VKI)

REF (A) USNATO A-297, (B) STATE 247919 (DTG 052337Z OCT 76)NOTAL

SUMMARY: ON DECEMBER 3, 1976, THE AD HOC WORKING COMMITTEE
OF THE VON KARMAN INSTITUTE (VKI) MET FOR INFORMAL DISCUSSION
OF: (A) THE COST-SHARING FORMULA; (B) THE QUESTION OF THREE OR
FIVE YEAR FINANCIAL COMMITMENT; AND (C) THE INCREASED REQUIRE-
MENTS AND COSTS ENTAILED BY THE RETURN OF AMERICAN STUDENTS.

ACTION REQUESTED: SEE PARA 5. END SUMMARY.

1. DURING THE COURSE OF THE 3 DECEMBER MEETING THE CHAIRMAN
SOUGHT TO ESTABLISH A PLANNING BASE FOR THE VKI. HE ASKED
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WHETHER IT WOULD BE POSSIBLE FOR GOVERNMENTS TO CONSIDER A
MORAL COMMITMENT FOR THREE YEAR'S FUNDING FOR THE VKI AND
AT THE BEGINNING OF EACH FINANCIAL YEAR TO RENEW THIS
COMMITMENT TO GIVE THE INSTITUTE A TWO-YEAR PLANNING CUSHION.
THE CHAIRMAN SPECIFICALLY ASKED IF THE GOVERNMENTS
REPRESENTED WOULD URGE DANISH AUTHORITIES TO PARTICIPATE IN
THE INSTITUTE'S FINANCING.

2. A SUMMARY OF NATIONAL VIEWS IS PROVIDED AS FOLLOWS:

FRANCE: IF ALL ALLIES PARTICIPATED, WITH REDUCED COST-SHARING PERCENTAGE, FRANCE WOULD AGREE TO A FIVE-YEAR FINANCIAL COMMITMENT.

NETHERLANDS: THE PARTICIPATION OF ALL NATO COUNTRIES WOULD BE WELCOME. THE DUTCH MINISTRY OF FINANCE WILL NOT FUND MORE THAN ONE ACADEMIC YEAR (I.E., 1977-78) BUT ITS POSITION COULD CHANGE AFTER THE 1977 ELECTIONS.

GERMANY: IF ALL OTHER COUNTRIES PARTICIPATED, GERMANY COULD CONSIDER A THREE-YEAR FINANCIAL COMMITMENT. IF DENMARK DID NOT PARTICIPATE IN THE VKI FUNDING, GERMANY WOULD NOT WITHDRAW FROM VKI. THE DELEGATE STATED HIS PERSONAL OPINION THAT GERMANY COULD CONTRIBUTE BETWEEN 10-11.5 PERCENT, BUT NOT MORE.

CANADA: CANADA IS WILLING TO COMMIT FUNDS FOR A THREE-YEAR PERIOD AT THE CURRENT LEVEL. IF MORE COUNTRIES PARTICIPATE, THE CANADIAN GOVERNMENT MIGHT CONSIDER FUNDING A FIVE-YEAR PERIOD.

UNITED KINGDOM: THE MOD DIRECTOR GENERAL OF AERODYNAMICS RESEARCH IN THE MINISTRY OF DEFENSE AGREED WITH NEED FOR NATO-WIDE PARTICIPATION. HE POINTED OUT THAT THE UK SUPPORTED THE VON KARMAN INSTITUTE FINANCIALLY AND WITH A LARGE NUMBER OF LECTURERS AND DIRECTORS FOR SHORT COURSES AND SUGGESTED THAT INCOME FROM THE LECTURE SERIES COULD PLAY CONFIDENTIAL

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A MORE IMPORTANT ROLE IN FUNDING VKI. FOR SOME YEARS, THE UK CONTRIBUTION TO THE VKI HAS COME FROM THE MINISTRY OF DEFENSE BUDGET, THOUGH FEW STUDENTS FROM DEFENSE ATTENDED VKI. IT HAS BEEN FOUND THAT OTHER GOVERNMENT DEPARTMENTS CANNOT ASSUME THAT FINANCIAL COMMITMENT TO THE VKI. CURRENTLY THE UK CANNOT GUARANTEE LONG-TERM FINANCIAL BACKING AND CAN ONLY OFFER A MORAL COMMITMENT FOR THE ACADEMIC YEAR 1977-78. HOWEVER IF ALL NATO MEMBERS CONTRIBUTE, THE UK REPRESENTATIVE COULD URGE HIS AUTHORITIES TO COMMIT FUNDING TO ENABLE THE VKI TO EXAMINE ITS FINANCIAL POSITION.

IN RESPONSE TO BELGIAN QUERY THE UK REP REPLIED THAT, IN ORDER TO CONTRIBUTE TOWARDS 1978-79, UK CONTRIBUTION WOULD HAVE TO BE AT A LOWER LEVEL.

BELGIUM: FULL PARTICIPATION OF THE ALLIANCE MEMBER COUNTRIES IN THE MANAGEMENT OF VKI IS MOST IMPORTANT. BELGIUM WOULD PREFER A FIVE-YEAR PLANNING PERIOD, BUT WOULD ACCEPT THREE YEARS IF THIS COULD ASSURE GENERAL AGREEMENT.

WHEN THE UNITED STATES WITHDREW IN 1971 FROM THE VKI, BELGIUM ASSUMED RESPONSIBILITY FOR THE UNITED STATES' SHARE. WITH THE RESUMPTION OF US PARTICIPATION, BELGIAN AUTHORITIES

EXPECT THE BELGIAN SHARE TO BE PROPORTIONALLY REDUCED, AND THAT THE FOUR MAJOR COUNTRIES (UNITED STATES, FRANCE, GERMANY, AND THE UNITED KINGDOM) COULD PARTICIPATE AT THE SAME RATE, I.E., 12 PERCENT. HE ASKED WHETHER IT WOULD HELP THOSE COUNTRIES IN FINANCIAL DIFFICULTIES IF THE FOUR MAJOR COUNTRIES CONTRIBUTED FOR A LIMITED PERIOD AT DIFFERENT PERCENTAGE LEVELS, THE PERCENTAGES TO BE DECIDED LATER. THE FRENCH DELEGATE CONSIDERED THIS A REALISTIC APPROACH TO THE PROBLEM, WHICH HE WOULD RECOMMEND TO HIS AUTHORITIES. THE GERMAN DELEGATE DID NOT COMMENT.

ITALY: PENDING POLITICAL DECISIONS, THE ITALIAN REPRESENTATIVE TOOK NO POSITION.
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3. PROFESSOR GINOX (VON KARMAN INSTITUTE) INDICATED THAT INCOME FROM CONTRACT RESEARCH AMOUNTED TO ABOUT 25-30 PERCENT OF THE INSTITUTE'S BUDGET; IN ADDITION, 10 PERCENT OF THE GROSS INCOME CAME FROM THE LECTURE SERIES. REPLYING TO A QUESTION ON THE POTENTIAL OF INCREASED INCOME TO THE INSTITUTE FROM THE LECTURE SERIES, HE NOTED THAT LECTURE ENROLLMENT HAD DECREASED DURING THE PAST TWO YEARS BECAUSE OF INCREASED TRAVEL COSTS, MAKING ANY MARKED INCREASE OF INCOME FROM THE SERIES UNLIKELY. THE INSTITUTE HAD MORE INDUSTRIAL CONTRACT RESEARCH WITH CERTAIN COUNTRIES THAN WITH OTHERS, AND HAD LIMITED CONTACT WITH BRITISH INDUSTRIES. INCREASING THE INCOME AT THE VKI THROUGH THE LECTURE SERIES OF THROUGH OTHER INDUSTRIAL RESEARCH CONTRACTS WOULD BE EXAMINED CAREFULLY, BUT IT HAD PROVEN DIFFICULT TO EXPAND IN THE PAST.

4. FOLLOWING THE 3 DECEMBER MEETING, THE BELGIAN DELEGATE EXPLAINED TO US THAT IN 1971, WHEN THE US WITHDREW FROM THE VKI, BELGIUM TRANSFERRED CERTAIN CATEGORIES OF VKI EXPENSES TO ITS NATIONAL BUDGET, A PRACTICE BELGIUM IS PREPARED TO CONTINUE. AT THE SAME TIME, BELGIUM INCREASED ITS PERCENTAGE CONTRIBUTION TO THE VKI BUDGET. WHEN THE US WITHDREW, THE US CONTRIBUTION HAD BEEN 24.2 PERCENT. WITH THE US RETURN TO THE PROGRAM, BELGIUM ANTICIPATES THAT ITS SHARE COULD BE REDUCED. CONTINUED UK PARTICIPATION APPEARS KEY TO VKI SURVIVAL AS FRANCE AND THE FRG HAVE INDICATED THEY WOULD WITHDRAW IF THE UK DOES AND BELGIUM WOULD BE UNABLE TO ASSUME THEIR FINANCIAL CONTRIBUTIONS. THE UK, HOWEVER, HAS INDICATED IT CAN CONTINUE ONLY IF ITS PERCENTAGE IS REDUCED AND IN AN ATTEMPT TO RESOLVE THE SITUATION, THE BELGIAN REP DISCUSSED WITH THE VISITING UK DELEGATE A POSSIBLE SOLUTION INVOLVING A REDUCED UK PERCENTAGE.

AS NEITHER THE ANNUAL AMOUNT NOR THE PERCENTAGE OF THE US PARTICIPATION HAD BEEN STATED DURING THE PREVIOUS TWO MEETINGS OF THE VKI, THE BELGIAN DELEGATE ASKED WHAT THE US
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PERCENTAGE WOULD BE AND SUGGESTED THE FOLLOWING "STRANGE FORMULA"
FOR POSSIBLY THREE YEARS TO PERMIT THE CONTINUED UK PARTICIPATION:
FRANCE - 12.0 PERCENT, GERMANY - --.5 PERCENT, US - 12.5 PERCENT,
UK - 9.0 PERCENT.

COMMENT: THE PROSPECTIVE US CONTRIBUTION WOULD BE ABOUT
HALF OUR PREVIOUS PERCENTAGE. END COMMENT.

5. PRIOR TO JANUARY 21, 1977, WE WOULD APPRECIATE:

A) THE DEPARTMENT'S COMMENTS ON THE REPORT TRANSMITTED
WITH A-297 INDICATING COST -SHARING FORMULAE.

B) THE DEPARTMENT'S GUIDANCE ON:

1. COST-SHARING FORMULA ACCEPTABLE TO THE US.

2. THE ISSUE OF THREE OR FIVE YEARS' FINANCIAL
COMMITMENT. REF B INDICATED THE AIR FORCE COMMITMENT FOR
FY 1978-82. WOULD THE ACCEPTANCE OF A THREE-YEAR FINANCIAL
COMMITMENT PREJUDICE THIS IN ANY WAY?

6. ADDITIONALLY WE WOULD SUGGEST WASHINGTON CONSIDER WHETHER:

A) ANY OTHER AGENCIES OR DEPARTMENTS WOULD BE INTERESTED
IN FINANCING RESEARCH PROJECTS THROUGH VKI.

B) ANY AMERICAN INDUSTRIES OR PRIVATE RESEARCH
ORGANIZATIONS ARE INTERESTED IN RESEARCH CONTRACTS WITH THE VKI.

C) EITHER STATE OR DEFENSE WISH TO CONSIDER INFORMAL DISCUSSION
OF LONG TERM FINANCING PROBLEMS WITH THE UK AUTHORITIES.

D) REPRESENTATION SHOULD BE MADE BY EMBASSY COPENHAGEN, TO
ENCOURAGE DANISH PARTICIPATION IN THE VKI. STRAUSZ-HUPE

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